Fashion in Light of COVID-19

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About the speakers

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COVID-19: The Ultimate Disruptor
Pathway to success beyond COVID-19

**Discover how others succeeded**
- **History lessons**: How did industries, economies and governments react to SARS, H1N1 and 2008 crisis and can it inform my actions today?
- **Best Practice**: How are other countries and companies responding to the crisis and what lessons can be learned?

**Understand today**
- **Where’s my toilet paper?**: In a new online landscape what do pricing strategies, assortment, and shortages look like? Daily SKU tracking can help.
- **Check your new vitals**: How big is my category now? Who is left? Who is thriving and why? What do my consumers want now?

**Build scenarios with expertise**
- **A quarter-to-quarter mindset**: How to use growth scenarios to survive now, position for short-term success and charge forward later this year.
- **I care about different things now**: Detailing the new expectations for consumers and channels?
- **Strange partners**: What businesses are primed for partnership?

**Execute with confidence**
- **Capitalizing on Change**: Exploring paradigm shifts vs. short-term shocks and what strategies allow for totally NEW winners (and dying giants) coming out of this crisis.
- **Emerging megatrends** and the new normal of virtual living, contact-free interactions, social commerce, sustainable business models and more.

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Disruption across the whole value chain

Consumption

Distribution and Logistics

Production and Supply Chain
Global macro-environment outlook

ECONOMIC OUTLOOK AND INDUSTRY IMPACT

Real GDP Growth Rate: 2019/2020

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<th>Country</th>
<th>2019</th>
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Global Real GDP Growth: 2018-2024

Source: Euromonitor International Macro Model
COVID-19: Consumption
Fashion consumption in quarantine in 2020

Apparel and Footwear Retail Sales 2019-2020

Baseline forecast: Estimated probability: 38-48% over a one-year horizon.

C19 Pessimistic 1: Estimated probability: 25-35% over a one-year horizon.

C19 Pessimistic 2: Estimated probability: 15-25% over a one-year horizon.

C19 Pessimistic 3: Estimated probability: 5-10% over a one-year horizon.

Pre-Covid-19 Forecasts

Baseline Forecast

C19 Pessimistic 1

C19 Pessimistic 2

C19 Pessimistic 3

% growth

Source: Euromonitor International
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No back to “normal”

Impact of COVID-19 on Company Revenue April 2020

39% of respondents expect Covid-19 to have a much worse impact on company revenues when compared to 2008/2009 financial crisis.


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Comfort and DIY winning during lockdown

Google Trends – Web Searches Volume Year to Date

Source: Google Trends
© Euromonitor International
Assessing fashion appetite post-COVID-19

USA PRE-C19 FORECASTS SCENARIO FORECAST
Number of Households by Disposable Income 2019-2024, constant prices, period % growth

Segments Thresholds USD: 0 ≤ E < 5,000 ≤ D < 15,000 ≤ C < 45,000 ≤ B < 100,000 ≤ A

A
B
C
D
E

Euromonitor Baseline:
- Positive
- Negative

Pre-C19 Forecasts:
- Positive
- Negative

Source: Euromonitor Income Distribution Model
Last updated on April 30, 2020
With our strong digital foundation, brand momentum and financial position, we believe this will be a catalyzing moment that strengthens Nike’s long-term future.

John Donahoe, Chief Executive for Nike
What’s Next?

Can COVID-19 slow down consumer demand in the mid to long term? Will COVID-19 redefine fashion consumption?
COVID-19: Distribution
Non-essential channels on lockdown

Top 5 Apparel and Footwear Global Distribution Channels 2019

- Apparel and Footwear Specialist Retailers: -5%
- E-Commerce: -15%
- Department Stores: -2%
- Sports goods stores: -2%
- Hypermarkets: -2%

Source: Euromonitor International
Voice of the Industry

Same-store Sales in February and March Relative to 2019 April 2020

- Decreased by 80-100%
- Decreased by 60-80%
- Decreased by 40-60%
- Decreased by 20-40%
- Decreased by 0-20%
- No change
- Increased by 0-10%
- Increased by more than 10%
- Not sure

Change in Online Sales in Past Month, Relative to 2019 April 2020

- Greatly increased
- Somewhat increased
- Stayed the same
- Somewhat decreased
- Greatly decreased
- Not sure


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Post-pandemic shopping shaping up

E-commerce: 124% RSP incl Sales Tax 2014-2019

Off-price: 29% RSP incl Sales Tax 2014-2019

Source: later.com
Live shopping, conversational commerce on WeChat or WhatsApp, AR and VR will take the spotlight even sooner than expected, from virtual fitting rooms to virtual buying practices and trade shows.

*Pinar Dincer, Head of Fashion at Intelistyle, April 2020*
What’s Next?

Is fashion set to shift online permanently?
COVID-19: Production and Supply Chain
Manufacturing and supply chain

Top 10 Apparel Production Turnover (MSP) 2019

- World
- China
- Bangladesh
- India
- Italy
- Vietnam
- USA
- Turkey
- Thailand
- Brazil
- South Korea

USD million

Apparel Exports as a % of Production 2019

- World
- Vietnam
- Turkey
- Italy
- Bangladesh
- USA
- India
- China
- South Korea
- Thailand
- Brazil

%
Foreign buyers are postponing orders, and asking for hefty discounts. Goods in transit are also not moving. Those already dispatched are also finding no takers on various foreign ports.

*Dr. A Sakthivel, Apparel Export Promotion Council Chairman*
Voice of the industry

Impact of COVID-19 on Supply Chain in Next 6 Months

- Shortage of supplies
- Transportation disruption
- Difficult to assess at this time
- Suppliers close down
- Production stoppage/suspension
- Diversify supply chain (e.g., work with more...)
- Short term change of production focus
- Shift to a localized supply chain
- Long term change of production focus
- Moving critical operations to unaffected...

Manufacturing and supply chain
What’s Next?

Reshoring, micro factories and 3D printing: Will COVID-19 fast-track these?
COVID-19: Final Thoughts
Disrupted?

Or not?

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Thank You

Jorge Martin, Head of Fashion Research
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Strategic Content Development WWD

Related Analysis:
Understanding the Impact of Coronavirus

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